

Message Text

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ACTION EB-08

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E.O. 11652 N/A
TAGS: ETRD, EMIN, ITC
SUBJECT: TIN -- CONSULTATION WITH UK ON ITC STRATEGY

1. MICHAEL JOHNSON, UK REP ON INTERNATIONAL TIN COUNCIL (ITC) CALLED AT EMBASSY ON OWN INITIATIVE MARCH 2 TO CONSULT ON TACTICS ON PRICE RANGE ISSUE FOR THE APRIL 11-14 COUNCIL MEETING. JOHNSON REPRESENTED THE UK AS A MEMBER OF THE INFORMAL "INNER GROUP" OF CONSUMERS WHO JOINED WITH THE U.S. IN SUCCESSFULLY OPPOSING EFFORTS OF PRODUCERS TO FORCE A PRICE RANGE REVISION AT THE JANUARY MEETING OF THE COUNCIL (OTHERS WERE THE FRG, JAPAN AND CANADA). HE NOTED PRESS SUGGESTIONS THAT THE U.S. MIGHT MODERATE ITS STANCE AT THE NEXT MEETING. ON THIS POINT EMBOFF REPLIED REPORTS FROM LA PAZ ON EXCHANGE OF PRESIDENTIAL LETTERS SEEMED OUT OF CONTEXT; THAT US HAD NOT YET DEVELOPED ITS POSITION FOR APRIL.

2. HIGHLIGHTS OF CONVERSATIONS WERE:
(A) EVALUATION OF JANUARY MEETING. JOHNSON FELT OUR STANCE HAD BEEN THE CORRECT ONE FOR THE SITUATION AT THAT TIME; A SIZEABLE GROUP OF CONSUMERS HAD TO DEMONSTRATE WILLINGNESS TO STICK TOGETHER, TO SAY "NO", AND
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THE ABILITY TO MAKE THIS STICK. HE WAS GRATIFIED THAT IN THE END PRODUCERS ELECTED NOT TO TURN THE MEETING INTO A MAJOR CONFRONTATION.

(B) ISOLATION OF U.S. JOHNSON HAS VERY DEEP MISGIVINGS ABOUT THE TREND UNDER THE 5TH AGREEMENT TOWARD POLITICIZATION, WITH THE U.S. INCREASINGLY CAST IN THE ROLE OF "HARD LINER". HE AGREED THAT THE TREND TOWARD CONFRONTA

TION PRE-DATED U.S. MEMBERSHIP AND THAT UNSETTLED MARKET CONDITIONS WHICH CHARACTERIZED THE PRESENT TIN WORLD IN ANY CASE WOULD HAVE MADE AN INCREASE IN PRODUCER-CONSUMER TENSIONS INEVITABLE. NEVERTHELESS, THE US WAS BLAMED FOR EVERYTHING. HE EMPHASIZED THAT HEADING OFF PROGRESSIVE ISOLATION OF THE U.S. WAS MORE IMPORTANT THAN OTHER ISSUES BEFORE THE ITC. HE ADDED IT PROBABLY WAS NOT IN THE UK INTEREST TO SEE THE US "ISOLATED" EVEN THOUGH THE UK MIGHT BE MOST UNHAPPY WITH THE U.S. POSITION ON THE SUBSTANCE OF THE ISSUE UNDER CONTENTION.

(C) UK POSITION. JOHNSON NOTED THE ITC WAS SET UP PRIMARILY TO DEAL WITH A SURPLUS MARKET RATHER THAN THE PRESENT CONDITION OF SHORTAGE. HE FELT IT WOULD BE "LOGICALLY DIFFICULT" TO REJECT A REQUEST FOR A PRICE INCREASE IN APRIL -- THE UK PROBABLY COULD SUPPORT AN INCREASE IN THE FLOOR SOMEWHAT OVER M\$100. ASKED WHETHER THE PRESENT M\$300 SPREAD SHOULD BE MAINTAINED, JOHNSON SAID HE THOUGHT SOME WIDENING WOULD BE USEFUL. (D) POSITION OF OTHERS OF "INNER GROUP". JOHNSON THOUGHT THERE MAY HAVE BEEN NO CHANGE IN THE FRG'S POSITION, BUT THAT JAPAN WOULD BE A LESS THAN DEPENDABLE ALLY ON A HARD LINE POSITION BECAUSE OF CONFLICTS BETWEEN ASEAN POLITICAL INTERESTS AND ITS ECONOMIC CONSERVATISM. THE IMPLICATION OF HIS REMARKS WAS THAT WHILE THE US MIGHT WITH EFFORT BE ABLE TO HOLD TOGETHER MUCH THE SAME COALITION THAT EXISTED IN JANUARY, THIS WOULD NOT BE LIMITED OFFICIAL USE

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EASY AND AT A COST: THE VERY RELUCTANT PARTICIPATION OF MEMBERS. THE NATURAL CONVERGENCE OF INTERESTS OF JANUARY WOULD NOT BE THERE IN APRIL. OBVIOUSLY, BY JUNE, THE US POSITION WOULD BE EVEN MORE DIFFICULT.

3. THIS MEETING WAS PRELIMINARY, INFORMAL AND EXPLORATORY. WOULD APPRECIATE ANY REACTIONS TO PASS ON TO JOHNSON, PARTICULARLY SINCE UK POSITION, AS PRESUMABLY IS OURS, IS STILL IN THE FORMULATIVE STAGE.

BREWSTER

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